

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Spectris – Third quarter 2024 trading update

31 October 2024 – Spectris plc (SXS: LSE), the expert in providing insight through precision measurement, provides a trading update for the three-month period ended 30 September 2024 ('the period').

Accelerating action to drive profitability and to capitalise on market recovery

- While our third quarter performance indicates markets have stabilised, the recovery anticipated at the time of our half year results is taking longer to materialise
- Third quarter orders and sales consistent with the first half:
 - Like-for-like (LFL) orders 6% lower in the quarter (6% lower on a year-to-date basis)
 - LFL sales 10% lower in the quarter (10% lower on a year-to-date basis)
- ERP back on track – progressive recovery of sales rephased from H1 expected to be completed by year-end
- Increasing and accelerating actions to reduce cost base and drive profitability in addition to synergy realisation and benefits from ERP implementation
- Acquisitions represent a meaningful growth driver in 2025, with integration planning for Micromeritics and SciAps progressing well and acquisition of Piezocryst expected to complete around the end of the year
- Guidance and full year outlook:
 - We now expect to deliver adjusted operating profit for the Group for the full year, including the contribution from the two completed acquisitions, of around £200 million
 - Restructuring programme to deliver around £50 million run rate benefits, with associated costs of between £15 million and £20 million in 2024 with further restructuring and integration-related costs of £20 million to £25 million in 2025

Andrew Heath, Chief Executive, said:

“During the third quarter the headwinds that we described at the half year – most notably continued softness in China, pharma and academia – have persisted and, from what we can see today, are likely to continue into the early part of 2025. Against this backdrop, we have increased and accelerated cost reduction activities to improve the Group’s productivity and drive profitability. This decisive action on cost, and a strong focus on executing our strategy, means the Group is well placed to benefit as our end markets recover.”

Over recent years we have significantly improved the quality of the Spectris portfolio, which today comprises market leading premium precision measurement businesses, aligned behind a common purpose, and capable of delivering through-cycle growth and margin expansion. The high-quality acquisitions we have made this year have strengthened our platform significantly, and the enhancements to our customer propositions, and confidence in synergy delivery is structurally increasing our ability to deliver against our medium-term financial targets.”

Sales by geography and division – LFL growth Q3 2024 vs Q3 2023

	By division		By region
Spectris Scientific	-8%	North America	-9%
Spectris Dynamics	-13%	Europe	-12%
		Asia	-10%
		Rest of the World	0%
Total sales	-10%		-10%

Group reported sales decreased by 13% (£46.4 million) to £302.7 million (Q3 2023: £349.1 million). LFL sales were down 10%, with lower sales across all regions, with the impact of foreign currency exchange and disposals net of acquisitions reducing sales by 2% and 1% respectively.

- In **Spectris Scientific**, order intake in the quarter was slightly up on a LFL basis, with good demand in both semiconductor and materials partially offset by continued softness in academia and batteries. Demand in pharma/life sciences was broadly in line with the comparative period. Sales in the period were 8% lower on a LFL basis largely driven by semiconductor and materials against strong comparators.

Year-to-date, broadly flat demand in materials and semiconductor has been more than offset by the softness in academia; on a regional basis, flat demand in North America was outweighed by slightly lower demand in Europe and softness in Asia, notably China.

- In **Spectris Dynamics**, orders were down on a LFL basis in the period, largely driven by weaker order intake in automotive reflecting the broader, recent pull back in demand across the sector. LFL sales in the quarter were 13% lower with good growth in A&D more than offset by lower sales in machine manufacturing and automotive. LFL sales were lower in all regions except Asia, against a strong comparator.

Year-to-date, continuing good demand in A&D and flat demand in auto and machine manufacturing has been more than offset by a number of other end markets, including academia; regionally, overall softer demand in the division has been driven by North America.

Quarterly Group sales

£ million	2023				2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
LFL growth	354.3	348.2	349.1	397.6	309.4	280.3	302.7
	24%	15%	11%	-3%	-8%	-12%	-10%

Strategy update

In August, we completed the acquisitions of Micromeritics and SciAps in Spectris Scientific for combined headline consideration of £642 million and integration planning is progressing well. In September, we announced the acquisition of Piezocryst in Spectris Dynamics, a leading provider of piezoelectric sensors, for €133.5 million (£112 million) which we expect to complete around the end of the year.

We are pleased with the performance of our new ERP system in Malvern Panalytical, with the revenue rephased from the first half being progressively recovered and expected to be completed by the year-end. In September, we completed the first phase of the implementation of the new system in Spectris Dynamics applying the learnings from the initial implementation.

Restructuring programme

Our actions to reduce the cost base comprise three core elements: (1) general cost and efficiency measures in addition to those announced at the half year; (2) the realisation of cost synergies associated with the acquisitions announced in 2024; and (3) crystallisation of the benefits associated with the implementation of our new ERP system. The programme is expected to deliver approximately £50 million of full run rate benefits, of which £30 million is expected in 2025 with the remaining £20 million in 2026.

Capital allocation and balance sheet

Shortly after the period end, we completed the second £50 million tranche of our £150 million share buyback programme. We expect to start the final tranche in the new year. Net debt was £393 million at the end of September 2024. In the event the Piezocryst acquisition completes before the end of the year, Group leverage, as measured by net debt:EBITDA, is expected to be around the upper end of our target range of 1x to 2x.

Conference call

A conference call for analysts and investors will be hosted by Andrew Heath, Chief Executive, and Angela Noon, Chief Financial Officer, at 8.00am today to discuss this statement. To access the call, please dial +44 (0) 20 3936 2999, toll free +44 (0) 800 358 1035 – Participant code: 437574. Or for replay, please dial +44 (0) 20 3936 3001 – Participant code: 940415.

On 10 December, Spectris will be holding a virtual presentation for investors and analysts on our Servomex business.

Spectris will publish its full-year results for 2024 on Friday, 28 February 2025.

END

For and on behalf of Spectris plc
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This Announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 which is part of UK law by virtue of the European Union (withdrawal) Act 2018. The person responsible for arranging for the release of this Announcement on behalf of the Company is Rebecca Dunn, Company Secretary.

About Spectris

Spectris combines precision with purpose, delivering progress for a more sustainable world. We provide critical insights to our customers through premium precision measurement solutions combined with technical expertise and deep domain knowledge. Precision is at the heart of what we do - our leading, high-tech instruments and software equip our customers to solve some of their greatest challenges to make the world cleaner, healthier and more productive. We are focused on two key divisions – Spectris Scientific and Spectris Dynamics, which are placed in technology-driven end markets, with strong fundamentals and attractive growth trajectories. We have leading market positions in premium segments and employ 7,600 people located in more than 30 countries, all united behind our purpose to deliver value beyond measure for all our stakeholders. For more information, visit www.spectris.com.